

Message Text

CONFIDENTIAL

PAGE 01 NEW DE 13705 01 OF 02 131626Z

44

ACTION NEA-06

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 4492

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 13705

LIMDIS

E.O. 11652: GDS

TAGS: PINT, PINS, IN

SUBJECT: DOMESTIC POLITICAL SITUATION: STRENGTHS AND
WEAKNESSES OF THE CONGRESS RAJ

REF: NEW DELHI 13306

SUMMARY: THOUGH THE GENERAL ECONOMIC AND ESPECIALLY THE FOOD
OUTLOOK IN INDIA FOR 1974-5 PROMISES TO BE GRIM, THERE REMAINS
NO FORMIDABLE THREAT TO MRS. GANDHI OR THE POLITICAL SYSTEM OVER
WHICH SHE PRESIDES. TO MOST OF INDIA'S ILLITERATE (70 PERCENT)
POPULATION, SHE IS INDIA, AND THE CONGRESS IS INDIA'S NATIONAL
PARTY. THE CAPACITY OF THE INDIAN RURAL MASSES FATALISTICALLY
TO ENDURE HARDSHIP HELPS TO PREVENT SEVERE FOOD SHORTAGES
FROM THREATENING CONGRESS ELECTORAL DOMINATION. THE PARTY'S
AMORPHOUS, SPRAWLING FRAMEWORK ABSORBS SECTIONS OF VIRTUALLY
EVERY GROUP RELEVANT TO INDIAN POLITICS. THE SPLINTERED OPPOS-
ITION, THOUGH GROPING FOR UNITY, IS UNLIKELY TO OFFER A CHAL-
LENGE TO CONGRESS ON A NATIONWIDE BASIS AT LEAST UNTIL INDIA'S
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PAGE 02 NEW DE 13705 01 OF 02 131626Z

NEXT GENERAL ELECTIONS NOW SCHEDULED FOR 1976. OVER THE NEXT

YEAR, FOOD SHORTAGES, CORRUPTION, POLITICAL UNREST AND VIOLENCE MAY PRECIPITATE ADJUSTMENTS--BUT NO SIGNIFICANT CHANGES--IN EITHER THE BASIC INDIAN POWER STRUCTURE OR THE WAY INDIA IS GOVERNED. END SUMMARY.

1. MRS. GANDHI'S PROBLEMS: TO THE WESTERN MIND, AN ENUMERATION OF INDIA'S CURRENT DOMESTIC PROBLEMS READS LIKE A PAGE FROM AN APOCALYPSE OF DESPIRE. THERE ARE SEVERE FOOD SHORTAGES AND ISOLATED AREAS WHERE FAMINE HAS STRUCK. INFLATION IS RUNNING AT A FIGURE IN EXCESS OF THIRTY PERCENT. THE ECONOMY IS STAGNANT, RECORDING INFITESIMAL GROWTH IF ANY AT ALL THIS YEAR. VIOLENCE, CONTINUES TO BE MINOR BUT HAS INCREASED SOMEWHAT IN RECENT WEEKS. THE SMUGGLERS, BLACK MARKETEERS, AND PERCENTAGE OPERATORS RUN A PARALLEL ECONOMY OUTSIDE THE LAW AND OFFICIAL CONTROLS. STUDENT UNREST, CAUSED BY LOW-QUALITY EDUCATIONAL INSTITUTIONS, BLEAK EMPLOYMENT PROSPECTS AND DISGUST WITH THE ESTABLISHMENT POSES A THREAT TO LAW AND ORDER IN URBAN AREAS. THERE IS A GROWING POPULAR RESENTMENT AGAINST WIDESPREAD CORRUPTION IN GOVERNMENT AND POLITICS. TWENTY-SEVEN YEARS OF CONTINUOUS RULE HAVE ATHROPHIED THE RULING CONGRESS PARTY, WHICH HAS LITTLE TO OFFER THE COUNTRY OTHER THAN THE SAME OLD LEADERSHIP AND "SOCIALIST" POLIIES.

2. SOLUTIONS: AGAINST THIS GRIM BACKDROP, MRS. GANDHI HAS BEGUN TO DEPART FROM THE DRIFT AND INACTION THAT CHARACTERIZED HER POLICIES IN 1973. IN MAY SHE CHANGED FROM A PATTERN OF ACQUIESCENCE TO ORGANIZED LABOR DEMANDS DURING 1973 AND CRUSHED THE NATIONAL RAILWAY STRIKE. SINCE THEN, WITH GREAT FANFARE BUT LITTLE APPARENT RESULT, HER GOVERNMENT HAS ADOPTED A STRING OF ORDINANCES AND LEGISLATIVE MEASURES, EVERY ONE ORTHODOX AND MILD IN ITSELF, DESIGNED TO COMBAT INFLATION. (SEE NEW DELHI 13684 ON ECONOMIC SITUATION)

3. TO COPE WITH ITS ECONOMIC PROBLEMS, THE GOI HAS INCREASINGLY BYPASSED NORMAL LEGISLATIVE AND JUDICIAL PROCESSES IN FAVOR OF ITS EMERGENCY POWERS. IN SEPTEMBER, A GOI MINISTER ANNOUNCED IN PARLIAMENT THAT THE DEFENCE OF INDIA RULES PASSED DURING THE 1971 WAR WOULD REMAIN IN FORCE THROUGH THE "ECONOMIC CRISIS." OVER THE PAST SEVERAL MONTHS THE CENTRAL AND STATE GOVERNMENTS HAVE USED THEIR PREVENTIVE DETENTION POWERS FOR PURPOSES RANGING

CONFIDENTIAL

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PAGE 03 NEW DE 13705 01 OF 02 131626Z

FROM SUPPRESSING STRIKES AND DEMONSTRATIONS TO JAILING TAX EVADERS AND SMUGGLERS WITHOUT TRIAL. THIS TREND TOWARD GROWING USE OF EXTRAORDINARY POWERS TO SUPPORT GOVERNMENT ECONOMIC MEASURES WILL PROBABLY STRENGTHEN AS INDIA'S ECONOMIC PROBLEMS PROVE MORE INTRACTABLE.

4. MRS. GANDHI CONTINUES TO BE UNCOMPROMISING AND OCCASIONALLY RUTHLESS IN DEALING WITH POLITICAL PROBLEMS, INCLUDING SCATTERED

FOOD RIOTING, STUDENT UNREST, AND J.P. NARAYAN'S MOVEMENT IN THE STATE OF BIHAR. NARAYAN HAS SUCCESSFULLY MANAGED TO CREATE AND KEEP AFLOAT A LARGELY STUDENT-BASED, GANDHIAN-TYPE MOVEMENT GEARED TO UNDERMINE THE CORRUPT, UNRESPONSIVE CONGRESS MACHINE IN INDIA'S WORST-ADMINISTERED STATE. MRS. GANDHI HAS TERMED THE MOVEMENT A VEILED THREAT TO HER OWN AUTHORITY AND HER GOVERNMENT'S EFFORTS TO SURMOUNT THE ECONOMIC CRISIS. THOUSANDS OF DEMONSTRATORS HAVE BEEN TOSSED INTO JAIL. OPPOSITION POLITICAL LEADERS HAVE BEEN ARRESTED AND BRIEFLY DETAINED OR EXTERNEED FROM THE STATE. AN OCTOBER 3 TO 5 STATE-WIDE STRIKE SPONSORED BY NARAYAN RESULTED IN 17 DEATHS AND HUNDREDS OF INJURIES, A TEMPORARY DISRUPTION OF RAILWAY TRAFFIC THROUGH THE STATE, AND A GENERAL CESSATION OF GOVERNMENT AND BUSINESS ACTIVITIES IN THE BIHR CAPITAL AND LARGER TOWNS. THE PRIME MINISTER IS DETERMINED NOT TO YIELD IN BIHAR. THE HEAVY POLICE AND PARAMILITARY PRESENCE IN THE STATE AND THE GOVERNMENT'S WILLINGNESS TO USE ITS EXTRAORDINARY POWERS WILL BE MORE THAN SUFFICIENT TO CONTAIN ANY POLITICAL DISORDER OR VIOLENCE. AS WE POINTED OUT IN NEW DELHI 13306, THE SAME WILL PROBABLY HOLD TRUE IN CONNECTION WITH SPORADIC INCIDENTS OF FOOD LOOTING IN SEVERAL OTHER PARTS OF INDIA.

CONFIDENTIAL

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PAGE 01 NEW DE 13705 02 OF 02 131656Z

41

ACTION NEA-06

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 4493

INFO AMEMBASSY COLOMBO

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C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 13705

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5. MRS. GANDHI'S ASSETS: IN BIHAR AS IN THE REST OF THE COUNTRY, THE PRIME MINISTER STILL POSSESSES IMPORTANT LONG TERM ASSETS TO ASSIST HER IN MEETING HER FORMIDABLE ECONOMIC AND POLITICAL PROBLEMS. FIRST, SHE CAN COUNT ON HER OWN PERSONAL IMAGE AND AUTHORITY, TEMPERED BY A LONG CAREER AT HER FATHER'S SIDE, NINE YEARS IN POWER, INDIA'S 1971 VICTORY OVER PAKISTAN, AND INDIA'S ENTRY INTO THE EXCLUSIVE NUCLEAR CLUB TO PROVIDE A SYMBOL OF UNITY AND NATIONAL PURPOSE TO THE COUNTRY. TO QUELL UNREST, SHE CAN RELY ON A FRAMEWORK OF FORCE (POLICE, PARAMILITARY AND ULTIMATELY THE ARMY). FOR EVIDENCE OF POLITICAL LEGITMACY AND POPULAR SUPPORT SHE CAN POINT TO A CONGRESS LEGISLATIVE MAJORITY AT THE CENTER AND IN ALMOST EVERY STATE THAT IS LITTLE THREATENED BY INDIA'S SPLINTERED, QUARRELLING OPPOSITION PARTIES. FURTHER, STRONG REGIONAL, CASTE, CLASS, AND LANGUAGE CLEAVAGES IN THE COUNTRY STRONGLY FRUSTRATE ATTEMPTS TO MOBILIZE OPPOSITION AGAINST HER. THEY ALSO ALLOW THE GOI TO SWIFTLY COMPARTMENTALIZE AND CONTAIN TURMOIL. HER MOST IMPORTANT ASSET IS THE ENORMOUS RESILIENCE IN SUFFERING AMONG THE INDIAN MASSES. FOR CENTURIES THEIR PASSIVITY AND HELPLESSNESS IN THE FACE OF

CONFIDENTIAL

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PAGE 02 NEW DE 13705 02 OF 02 131656Z

DISASTER HAVE PROVIDED A BUFFER DURING DIFFICULT TIMES. THIS CULTURAL FATALISM AND THE HIERARCHICAL, AUTHORITARIAN STRUCTURE OF RURAL HINDU SOCIETY IS STILL INTACT. TOGETHER THEY PROVIDE THE MOST IMPORTANT ASSURANCE THAT MRS. GANDHI, HER GOVERNMENT AND THE PRESENT POWER STRUCTURE WILL ENDURE.

6. MRS. GANDHI'S LIABILITIES: MRS. GANDHI MUST ALSO CONTEND WITH IMPORTANT LIABILITIES THAT HER OWN CONGRESS PARTY, AND A STRATIFIED SOCIETY AND NATION PRESENT. THE CONGRESS PARTY IS STILL PRIMARILY A RURAL BASED ORGANIZATION WHOSE SUPPORT STRUCTURE IS STRONGLY INFLUENCED BY CONSERVATIVE RURAL INTERESTS, DIVISIVE CASTE ALIGNMENTS AND PERSONALITIES PURSUING NARROW ENDS. CONSERVATIVE, RURAL CONGRESSMEN, STILL LARGELY CONTROL MOST STATE GOVERNMENTS IN INDIA AND PROVIDE THE BULK OF THE LARGE CONGRESS MAJORITY IN PARLIAMENT. THEIR POLITICAL LEVERAGE LIMITS THE OPTIONS MRS. GANDHI CAN ADOPT IN ATTACKING INDIA'S INFLATION AND OTHER ECONOMIC PROBLEMS. ILLUSTRATIVELY, VIGOROUS ACTION TO FORCE OUT HARDED GRAIN STOCKS, OR A TAX ON AGRICULTURAL INCOME, OR REFUSALS TO MEET THE BUDGETARY DEFICITS OF CONGRESS STATE GOVERNMENTS COULD ALIENATE THESE KEY GROUPS IN THE CONGRESS SUPPORT STRUCTURE OR THREATEN STABILITY OF CONGRESS STATE GOVERNMENTS.

7. IN ALMOST ALL STATES AND AT THE CENTER, CASTE, REGIONAL, PERSONAL AND OCCASIONALLY IDEOLOGICAL DIFFERENCES CONSTITUTE AN IMPORTANT OBSTACLE TO UNIFIED, INNOVATIVE AND EFFECTIVE ACTION

AGAINST INDIA'S MOUNTING ECONOMIC PROBLEMS. STATE CONGRESS ESTABLISHMENTS OFTEN DISSIPATE A GOOD PORTION OF THEIR TIME AND ENERGY IN INTERNECINE CONFLICT WITH LITTLE OR NO REGARD TO THE PURPOSES FOR WHICH THEY WERE ELECTED. AT THE CENTER AS ALSO IN THE STATES, IMPORTANT MINISTRIES ARE OFTEN DISPENSED ON THE BASIS OF RELIGIOUS, CASTE, REGIONAL AND IDEOLOGICAL REPRESENTATIVE WITH A SECONDARY REGARD TO PERFORMANCE. MRS. GANDHI'S OCTOBER 10 RESHUFFLE ILLUSTRATE THIS PHENOMENON, (NEW DELHI 13700).

8. ECONOMIC AND POLITICAL PROSPECTS: THE GOI'S RECENT ANTI-SMUGGLING DRIVE PROVIDED GOOD EVIDENCE THAT MRS. GANDHI IS STILL WEIGHING POLITICAL AS WELL AS ECONOMIC CONSEQUENCES IN IMPLEMENTING HER ECONOMIC REFORM MEASURES. THE DRAMATIZED ATTACK DOMINATED THE FRONT PAGES FOR WEEKS AND WON KUDOS IN EDITORIALS. BUT IT DID NOT TOUCH THE NUMEROUS BUREAUCRATS AND CONGRESS POLITICIANS
CONFIDENTIAL

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PAGE 03 NEW DE 13705 02 OF 02 131656Z

WHO ARE AS MUCH INVOLVED IN THE LUCRATIVE SMUGGLING TRADE AS THE 100 OR SO SMUGGLERS NOW IN JAIL. FURTHER EXPECTED ANTI-INFLATIONARY MEASURES WILL PROBABLY FOLLOW A SIMILAR PATTERN OVER THE UPCOMING MONTHS. BUT UNTIL MRS. GANDHI DECIDES TO FOREGO HER TRADITIONAL PREOCCUPATION WITH POLITICAL/PSYCHOLOGICAL CONSIDERATIONS; TO SPONSOR TOUGH, FAR-REACHING ECONOMIC MEASURES THAT MAY BE POLITICALLY DISRUPTIVE; AND TO SUPPORT HER POLITICAL COLLEAGUES AND GOI BUREAUCRATS IN IMPLEMENTING THEM, GOI EFFORTS TO CONTAIN INDIA'S WORSENING ECONOMIC PROBLEMS WILL CONTINUE TO PROVE INEFFECTIVE. IF HER PAST PERFORMANCE IS A GUIDE, MRS. GANDHI IS NOT LIKELY TO PURSUE SUCH A COURSE. SHE WILL TAKE DRAMATIC ACTIONS LIKE ARRESTING SMUGGLERS AND BREAKING THE RAILWAYS STRIKE. SHE WILL USE HER EXTENSIVE COERCIVE RESOURCES TO QUELL POLITICAL OPPOSITION. HER POLITICAL TACTICS WILL BE SEMI-BRILLIANT AND PARTIALLY EFFECTIVE. BUT SHE WILL ALSO STICK TO THE EXISTING POLITICAL SYSTEM WITH ALL ITS INHIBITIONS TO REFORM, WHICH BROUGHT HER TO POWER AND HAS KEPT HER THERE. WHILE HER POLICIES MAY CHANGE MARGINALLY, THAT WILL BE ALL. A SHARP BREAK WITH THE PAST SEEMS UNLIKELY; BUT THEN, MRS. GANDHI HAS PROVED TO BE AN UNPREDICTABLE LEADER.

9. FOLLOWING A FAMILIAR PATTERN HANDED DOWN FROM BRITISH TIMES, THE GOI WILL ATTEMPT TO USE THE LIMITED ADMINISTRATIVE AND ECONOMIC RESOURCES IT HAS ON HAND TO AMELIORATE THE DIFFICULT FOOD SITUATION OVER THE NEXT FEW MONTHS. TO THE EXTENT AVAILABLE. FOOD GRAIN STOCKS WILL BE KEPT ON THE RAILS TO AREAS ESPECIALLY SUFFERING FROM FOOD SHORTAGES. FIRST PRIORITY WILL BE URBAN AREAS, WHICH ARE POLITICALLY MOST VOLATILE AND CLOSEST TO THE SEAT OF GOVERNMENT. THE GOVERNMENT WILL START RELIEF WORKS IN THOSE SCATTERED RURAL AREAS HARDEST HIT BY DROUGHT, BUT IT MAY HAVE LESS SUCCESS IN GETTING FOOD TO THESE AREAS FOR SALE AT PRICES THE LABORERS CAN AFFORD. WHILE PREPARED FOR ISOLATED VIOLENCE IN THE URBAN AREAS, THE GOVERNMENT WILL BE LESS CONCERNED

ABOUT THE SPORADIC OUTBREAKS IN THE RURAL AREAS WHICH HAVE
ALREADY BEGUN (REFTEL) CAN BE MORE EASILY CONTAINED. THE PRIME
MINISTER WILL CONTINUE TO EXHORT WORKERS AND FARMERS TOWARD
GREATER PRODUCTION AND TO ASSURE HER COUNTRYMEN THAT INDIA WILL
SURMOUNT THE PRESENT CRISIS AS IT HAS PAST CRISES. AND, THIS
WILL HAPPEN, WE BELIEVE, MOSTLY BECAUSE OF THE BUILT-IN "CUS-
HION" PROVIDED BY THE 25 PERCENT OF THE POPULATION AT THE BOT-
TOM OF INDIAN SOCIETY--UNTOUCHABLES AND TRIBALS. IN 1974-5 THEY
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NEW DE 13705 02 OF 02 131656Z

WILL PROBABLY DIE IN LARGER NUMBER THAN IN THE RECENT PAST--
MORE PERHAPS THAN ANYTIME SINCE INDEPENDENCE--TO ENABLE THE
REST OF THE COUNTRY AND ITS POLITICAL/ECONOMIC POWER STRUCTURE
TO "GET BY" ONCE MORE.
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